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MENU IDEAS:
HEARTY SALADS 198

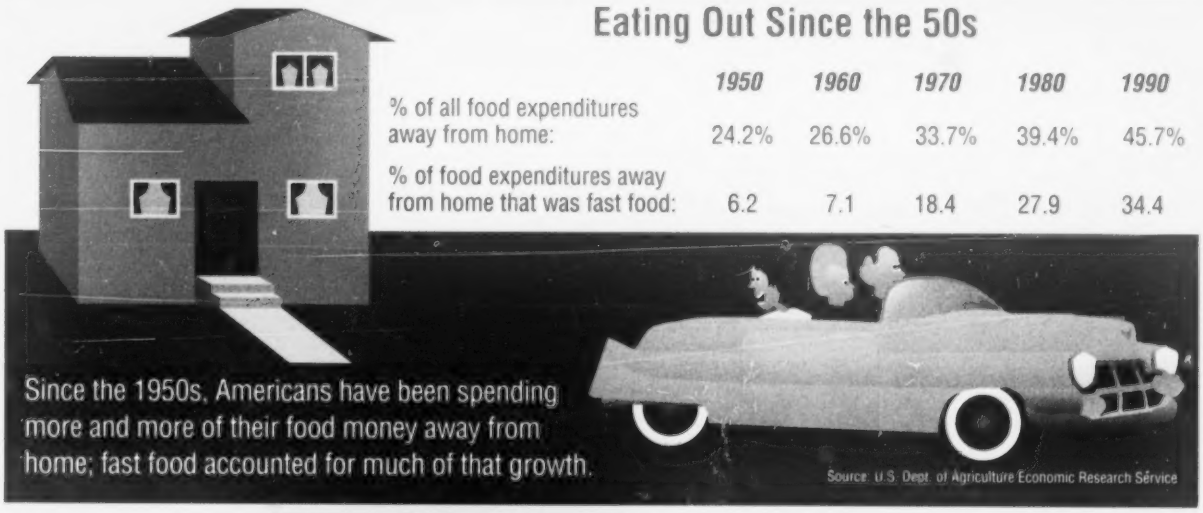
the TOP 100 RESTAURANT COMPANIES

115

BUSINESS BAROMETER

Eating Out Since the 50s

	1950	1960	1970	1980	1990
% of all food expenditures away from home:	24.2%	26.6%	33.7%	39.4%	45.7%
% of food expenditures away from home that was fast food:	6.2	7.1	18.4	27.9	34.4

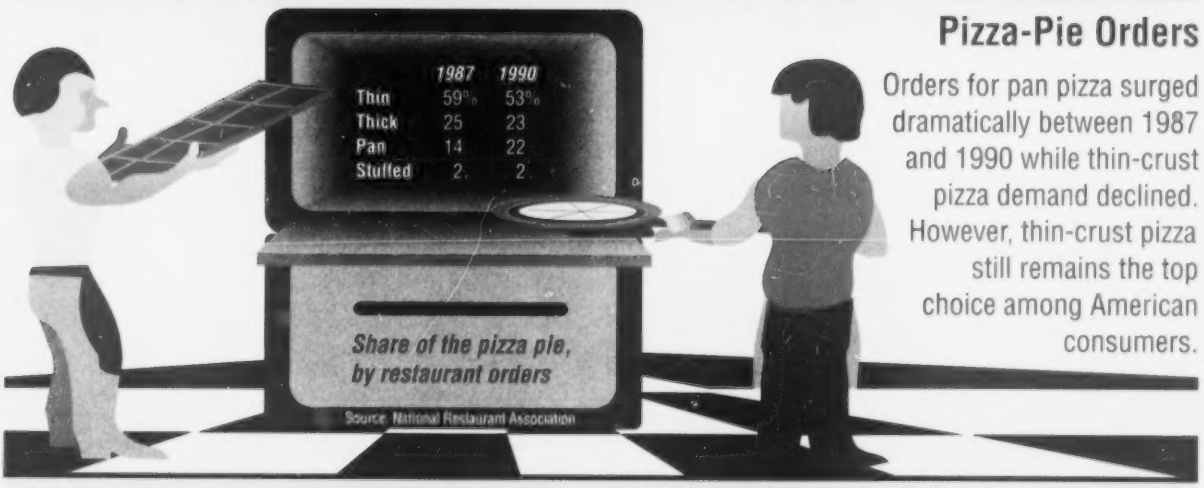


Since the 1950s, Americans have been spending more and more of their food money away from home; fast food accounted for much of that growth.

Source: U.S. Dept. of Agriculture Economic Research Service

Pizza-Pie Orders

Orders for pan pizza surged dramatically between 1987 and 1990 while thin-crust pizza demand declined. However, thin-crust pizza still remains the top choice among American consumers.



Hotel-Industry Forecast

No significant increases in new development are forecast until 1993 (new hotel-room starts plummeted in the first quarter 1991 to their lowest point since 1975). A rebound in demand will likely boost occupancy rates as well.

	1990	1991	1992 (P)	1993 (P)
Occupancy Rates	63.2% (+0.3%)	61% (–3.5%)	62.6% (+2.5%)	64.1% (+2.5%)
New-room Starts	72,177 (–32.6%)	26,339 (–63.5%)	23,033 (–12.6%)	27,826 (+20.8%)
Average Daily Rates	$58.22 (+3.2%)	$58.96 (+1.3%)	$60.55 (+2.7%)	$63.43 (+4.8%)

(% change, seasonally adjusted)

Source: Coopers & Lybrand

Charts by Peter K. Niceberg

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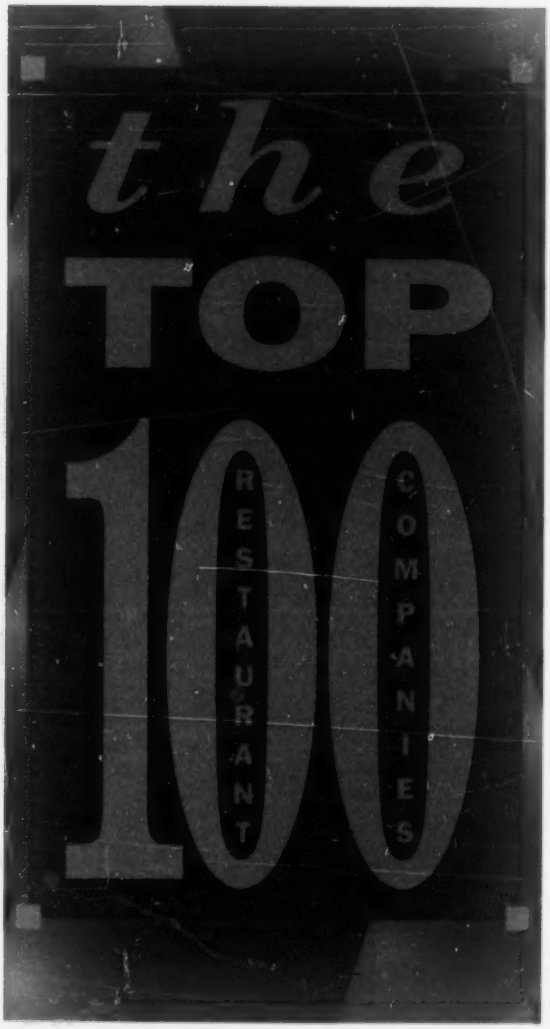

COVER STORY

TOP 100 RESTAURANT COMPANIES. This year's Top 100 report, *RB's* fourth annual, takes a broader approach than in past years. Once a ranking of the industry's biggest chains, the Top 100 now ranks the largest restaurant companies overall and provides specific sales and unit numbers for each chain they operate in the U.S. This amounts to a more in-depth accounting of the industry's major players, because far more chains are analyzed. As usual, the Top 100—along with an accompanying Top 50 Public Companies listing on page 121—is a joint effort by *RB* and Technomic Inc., which provides exclusive data for this report 115

FEATURES

INDEPENDENT STAR KEWPEE. This remnant of a 1930s hamburger chain in Racine, WI, is independently operated today. Kewpee's long standing in the community has garnered it a loyal following. A combination of low overhead, a simple menu, and low labor costs keeps the low-grossing operation in the black 78

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MARKETING MAKING A MENU. If restaurants had windows into their souls they would likely be in the form of a menu. But menus are also marketing tools. Designed wisely, they can make for effective advertising. Done not so smartly, they can hurt a business as surely as the steepest of economic declines 92

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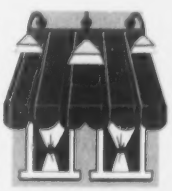

MARKET SEGMENT REPORT CASUAL-THEME RESTAURANTS. Born in the swinging '70s with eclectic wild decor and a heavy bar scene, the casual-theme segment has grown up with its targeted customer base and matured nearly beyond definition. But the segment continues to be as vital and innovative as it was two decades ago. Instead of appealing to footloose singles, today most casual-theme dining chains are downplaying alcoholic beverages and targeting families with children 155

Cover design by Beth Meyers

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FOOD AND BEVERAGE

DRAFTS, CARAFES & SPIRITS BOTTLED WATER. For much of the '80s, bottled water had an ultra-chic appeal, but now its popularity has moved beyond trendiness. The beverage speaks to increasing health-consciousness, and serves as an alternative to alcohol.....189

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INDUSTRY REPORTS AVAILABLE

Reprints of the **1991 RESTAURANT GROWTH INDEX** and **1991 MAJOR FORCES IN FRANCHISING** are available for $7 per copy. Direct inquiries to Editor Scott Allmendinger, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

IN THE NEXT ISSUE

COVER STORY THE PRESIDENTS FORECAST. The 10th Annual Presidents Forecast brings together the following participants for dynamic discussion: Joseph Baum, president, B.E. Rock Corp. (The Rainbow Room); Charles Cocotas, president & COO, New Boston Chicken Inc.; Don Clawson, vice president food & beverage, Radisson Hotels International; Joseph Durocher, Ph.D., University of New Hampshire; William Fisher, executive vice president, National Restaurant Association; Victor Gielisse, owner/operator, Actuelle; William Miller, president, Red Robin International; and Bud Roche, chairman, Roche Brothers Supermarkets. Nancy Kruse, Technomic, moderates.

SPECIAL FEATURE "HOME FOR THE HOLIDAYS." 1989 appears to have been the last great year for corporate spending. After a terrible season, this year shows gains in bookings, but caterers and operators say the parties are more modest.

MARKET SEGMENT REPORT SUB/SANDWICH. This segment is marked by an upgrade of sorts; a number of companies are positioning themselves with a higher-quality menu approach while offering the speed of quick-service.

TEST KITCHEN: Salads, p. 195.

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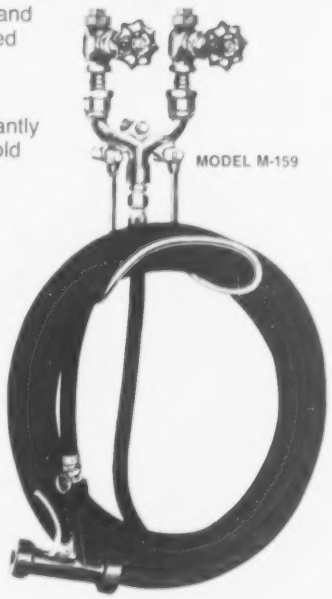

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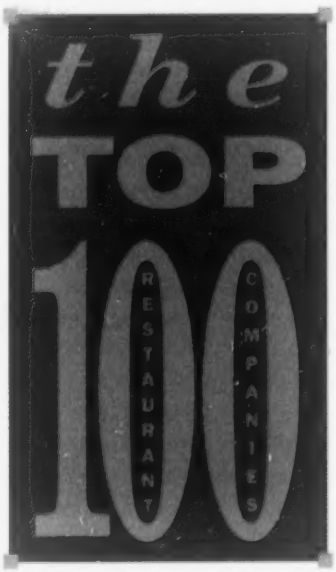
RB
COVER STORY

THIS YEAR'S TOP 100 REPORT, RB'S FOURTH ANNUAL, TAKES A BROADER APPROACH THAN IN PAST YEARS. ONCE A RANKING OF THE INDUSTRY'S BIGGEST CHAINS, THE TOP 100 NOW RANKS THE LARGEST RESTAURANT COMPANIES OVERALL AND PROVIDES SPECIFIC SALES AND UNIT NUMBERS FOR EACH CHAIN THEY OPERATE IN THE U.S. THIS AMOUNTS TO A MORE IN-DEPTH ACCOUNTING OF THE INDUSTRY'S MAJOR PLAYERS, BECAUSE FAR MORE CHAINS ARE ANALYZED THAN IN PAST YEARS. AS USUAL, THE TOP 100—ALONG WITH AN ACCOMPANYING TOP 50 PUBLIC COMPANIES LISTING ON PAGE 121—IS A JOINT EFFORT BY *RB* AND TECHNOMIC INC., WHICH PROVIDES EXCLUSIVE DATA FOR THIS REPORT.



the TOP 100

Like the nation's economy and its people's confidence level, last year's performance of *Restaurant Business'* Top 100 restaurant companies was, to say the least, uninspired. With a combined $74.9 billion in sales, the Top 100 achieved a 6% sales gain over 1989, but in real terms that amounted to a paltry 1.3% gain. That may be better than the industry's 0.5% real sales increase in 1990 but it's still poor.

"I often hear CEOs say 'Our business will be better when the economy gets back to normal'," says PepsiCo chairman and CEO Wayne Calloway. "But I don't think that things will ever return to the way they were."

In fact, since the mid-1980s, the Top 100 have been adding units a lot faster than they've been able to jack up sales. At 4.1%, the group's unit growth rate in 1990 was more than three times that of real sales growth. That amounts to an ever smaller growth pie from which to feed. Unable to show sales gains at the store level, operators are having to secure growth primarily through adding new restaurants. And that cycle isn't likely to reverse any time soon.

In order to reflect further consolidation in the industry, this year's Top 100 report takes a different approach from past years. Rather than targeting the 100 biggest chains we're now tracking the largest restaurant companies. And with good reason. Though the Top 100 companies represent only a quarter of the nation's 392,000 restaurants, they

Rank	Company	1990 U.S. Sales ($000's)	% Change	U.S. Units Number	% Change	Unit Rank
1	**McDonald's Corp.**	12,251,600	2.0%	8,576	3.7%	2
	McDonald's	12,251,600	2.0%	8,576	3.7%	
2	**PepsiCo Food Service**	9,434,300	13.7%	14,997	5.0%	1
	Pizza Hut	3,800,000	15.2%	6,688	7.1%	
	Kentucky Fried Chicken	3,200,000	6.7%	5,006	0.9%	
	Taco Bell	2,400,000	20.0%	3,227	4.7%	
	Hot 'N Now Hamburgers	34,300*	50.8%	76	68.9%	
3	**Grand Metropolitan, PLC**	5,329,000	3.4%	5,764	1.6%	3
	Burger King	5,250,000*	3.4%	5,469	1.7%	
	Häagen-Dazs	79,000*	2.6%	295*	0.0%	
4	**Imasco, Ltd.**	3,360,000	15.9%	4,022	22.2%	8
	Hardee's/Roy Rogers	3,360,000*	15.9%	4,022	22.2%	
5	**Wendy's International, Inc.**	2,835,000	0.3%	3,436	-1.5%	9
	Wendy's	2,835,000*	0.3%	3,436	-1.5%	
6	**TW Services, Inc.**	2,670,757	9.6%	2,221	3.6%	12
	Denny's Restaurants	1,686,720*	10.2%	1,294	1.6%	
	Hardee's	510,457	9.3%	483	3.9%	
	Quincy's Family Steakhouse	281,510	6.9%	212	-0.5%	
	El Pollo Loco	192,070*	9.8%	232	20.8%	
7	**Domino's Pizza, Inc.**	2,500,000	12.7%	5,003	3.6%	5
	Domino's Pizza	2,500,000	12.7%	5,003	3.6%	
8	**International Dairy Queen, Inc.**	2,142,600	2.6%	5,277	-1.4%	4
	Dairy Queen	2,025,000*	3.1%	4,622	-0.1%	
	Orange Julius of America	85,000*	-3.4%	466	-7.9%	
	Karmel Korn	17,600	-12.0%	138	-15.9%	
	Golden Skillet	15,000*	0.0%	51	-5.6%	
9	**General Mills Restaurant Group**	1,913,985	14.8%	703	13.9%	24
	Red Lobster	1,362,000	6.4%	475	6.3%	
	Olive Garden	551,985	42.6%	228	34.1%	
10	**Shoney's, Inc.**	1,584,695	10.3%	1,658	4.6%	15
	Shoney's	991,279	14.9%	734	7.9%	
	Captain D's	413,537	5.4%	633	4.3%	
	Lee's Famous Recipe	140,754	-3.1%	274	-2.8%	
	Specialty Dinnerhouses	39,125	6.5%	17	6.3%	
11	**Allied-Lyons, PLC**	1,438,336	18.3%	4,433	13.6%	7
	Dunkin' Donuts	790,722	10.6%	1,680	7.3%	
	Baskin-Robbins	490,000*	2.7%	2,278	-2.0%	
	Mister Donut	127,648	-17.6%	460	-8.7%	
	Chili's	29,966	27.7%	15	25.0%	

*Estimate

Rank	Company	1990 U.S. Sales ($000's)	% Change	U.S. Units Number	% Change	Unit Rank
12	**Little Caesar Enterprises, Inc.**	1,400,000	23.9%	3,173	17.5%	10
	Little Caesars	1,400,000	23.9%	3,173	17.5%	
13	**Foodmaker, Inc.**	1,372,272	12.1%	1,241	7.3%	17
	Jack in the Box	944,000	13.2%	1,040	5.5%	
	Chi-Chi's	428,272	9.8%	201	17.5%	
14	**DWG**	1,366,500	9.3%	2,314	8.6%	11
	Arby's Restaurants	1,363,000	9.0%	2,309	8.4%	
	Daddy-O's Express	3,500*	45.8%	5	66.7%	
15	**Doctor's Associates, Inc.**	1,123,000	39.9%	4,866	23.1%	6
	Subway Sandwiches	1,100,000	37.5%	4,777	21.3%	
	Cajun Joe's	23,000	666.7%	89	456.3%	
16	**Metromedia**	1,097,000	-6.0%	1,147	-5.5%	19
	Ponderosa	651,000	0.2%	727	3.3%	
	Bonanza	446,000	-13.8%	420	-17.6%	
17	**Elias Brothers Restaurants, Inc.**	1,046,700	0.0%	923	-0.1%	21
	Big Boy	1,040,000	0.0%	915	0.0%	
	Top Hat	6,700*	-6.9%	8	-11.1%	
18	**Collins Foods Intl., Inc.**	1,041,584	6.7%	849	2.3%	22
	Sizzler	903,100	6.2%	640	2.7%	
	Kentucky Fried Chicken	138,484	9.7%	209	1.0%	
19	**Copeland, A., Enterprises**	1,032,500	-1.0%	1,845	-0.7%	13
	Popeyes Fried Chicken	541,000	3.8%	778	5.3%	
	Church's Fried Chicken	468,000*	-6.2%	1,059	-4.7%	
	Copeland's	23,500	4.4%	8	0.0%	
20	**Tennessee Restaurant Co.**	992,000	1.2%	1,198	0.4%	18
	Friendly	520,000	-6.6%	799	-3.0%	
	Perkins Family Restaurants	472,000*	11.5%	399	8.1%	
21	**Restaurant Enterprises Group**	907,600	3.7%	521	-1.9%	32
	El Torito	393,500	2.4%	180	-0.6%	
	R.E.G. Coffee Shops	319,800	9.0%	252	-1.6%	
	Far West Dinnerhouses	194,300	-1.5%	89	-5.3%	
22	**Long John Silver's Holdings, Inc.**	777,336	-0.3%	1,434	-2.1%	16
	Long John Silver's	777,336	-0.3%	1,434	-2.1%	
23	**Bonanza Holding Corp.**	735,000	5.0%	380	0.3%	48
	Bennigan's	535,000*	5.9%	225*	2.3%	
	Steak N Ale	200,000*	2.6%	155*	-2.5%	
24	**Carlson Companies, Inc.**	672,167	8.7%	410	1.7%	43
	TGI Friday's	470,950	12.3%	159	7.4%	

account for nearly half of the industry's $157.6 billion in sales. Furthermore, six of the top 10 and 19 of the top 25 companies on this year's list are multi-concept operators. A number of companies include as many as four different chains—PepsiCo, TW Services, International Dairy Queen, and Shoney's among them.

In case there was ever any doubt, the big do indeed continue to get bigger. The top three companies—McDonald's, PepsiCo, and Burger King parent Grand Metropolitan—

THE TOP 100 COMPANIES REPRESENT ONLY A QUARTER OF TOTAL RESTAURANTS BUT NEARLY HALF OF ALL SALES.

totaled $27 billion in sales last year. That's 36.1% of all Top 100 sales and nearly 20% of industry sales overall. Furthermore, the 10 largest Top 100 companies control nearly 60% of the group's sales and 29% of total industry sales.

Such concentration, combined with a near-saturated market, makes growth through acquisition a more feasible, if costlier, tactic than unit-by-unit growth. Kyotaru America Corp., for example, became an overnight Top 100 player (ranked 36) by acquiring Restaurant Associates concepts like Charlie Brown's, The Office, and Acapulco, as well as the Hungry Hunter/Mountain Jack's steakhouses

continued on page 120

from Paragon Restaurant Corp. Still, few major acquisitions were made last year.

FAST FOOD RULES. Casual restaurants are no doubt showing gains nationally, but their impact on the Top 100 remains slight. Fact is, though some pundits are quick to write off fast food's momentum in favor of a casual boom, such predictions are grossly premature. The theory goes something like this: Baby boomers, now mature and sophisticated, will retreat from fast food in hordes.

THE 10 LARGEST TOP 100 COMPANIES CONTROL 29% OF TOTAL INDUSTRY SALES.

They'll instead seek out the greater food quality, full service, value, and ambience of casual restaurants, both for themselves and their families.

However, though a growth trend in casual restaurants is under way, the gains to date have been from a relatively small base. And they've mainly been in the upscale category: Upscale restaurants had the most significant rate of real growth in the Top 100 in 1990—5.2% in sales, 10.9% in units—but from the relatively small base of roughly $7 billion in sales and 3,200 units in 1989. (In the Top 100, casual restaurants are divided into midscale—family-style, family steak, and cafeterias—and upscale—fern

continued on page 124

Rank	Company	1990 U.S. Sales ($000's)	% Change	U.S. Units Number	% Change	Unit Rank
	Carlson *continued*					
	Country Kitchen	173,467	1.3%	240	-0.8%	
	Dalts	27,750	0.9%	11	-15.4%	
25	**Morrison, Inc.**	**668,900**	**12.0%**	**349**	**14.4%**	51
	Morrison's Cafeterias	**365,000***	**-0.8%**	**171**	**-2.3%**	
	Ruby Tuesday	**226,100***	**36.2%**	**133**	**35.7%**	
	L & N Seafood	**63,800***	**20.8%**	**34**	**41.7%**	
	Silver Spoon	**14,000***	**37.3%**	**11**	**37.5%**	
26	**Marriott Corp.**	660,580	-7.3%	509	-10.2%	34
	Travel Plazas	242,000*	5.2%	101*	0.0%	
	Big Boy	218,00.*	-0.9%	212	-4.5%	
	Wags	69,400*	-35.7%	53	-32.9%	
	Allie's	37,700*	-21.5%	24	-25.0%	
	Howard Johnson	27,400*	-31.5%	48	-15.8%	
	Bickfords	26,000*	4.4%	32	0.0%	
	Hot Shoppes/Cafeterias	19,800*	4.2%	12	0.0%	
	Popeyes	11,400*	-18.6%	16	-20.0%	
	Jolly Roger's	7,280*	3.0%	7	0.0%	
	Farrell's	1,600*	-17.9%	4	-20.0%	
27	**Carl Karcher Enterprises, Inc.**	**575,000**	**4.5%**	**583**	**5.8%**	28
	Carl's Jr.	**575,000**	**4.5%**	**583**	**5.8%**	
28	**American Restaurant Group**	511,869	1.9%	326	-2.4%	55
	Stuart Anderson	204,000*	4.6%	85	0.0%	
	Grandy's	180,000	-0.6%	188	-3.6%	
	Velvet Turtle	45,000	2.3%	21	0.0%	
	Spectrum	42,869	1.1%	14	-6.7%	
	Spoons	40,000	0.0%	18	0.0%	
29	**Vicorp Corp.**	**476,961**	**5.8%**	**398**	**1.3%**	45
	Bakers Square	**248,961**	**14.8%**	**170**	**6.9%**	
	Village Inn Pancake House	**228,000**	**-2.6%**	**228**	**-2.6%**	
30	**Chili's, Inc.**	476,061	26.3%	236	18.0%	66
	Chili's	440,383	23.4%	223	16.1%	
	Regas Grill	32,673	49.6%	11	57.1%	
	Romano's Macaroni Grill	3,005	106.5%	2	100.0%	
31	**Sonic Indust..s, Inc.**	**454,579**	**16.5%**	**1,043**	**4.7%**	20
	Sonic Drive-Ins	**454,579**	**16.5%**	**1,043**	**4.7%**	
32	**Investors Mgmt. Corp.**	445,625	2.1%	474	-3.3%	35
	Golden Corral	440,000	2.1%	459	-3.4%	
	Church's Fried Chicken	5,625*	2.3%	15*	0.0%	
33	**Western Sizzlin, Inc.**	**445,000**	**-5.5%**	**445**	**-8.8%**	39

TOP 50 PUBLIC RESTAURANT COMPANIES

Rank by Revenue	Company	1990 Revenue ($000's)	% Change From 1989	Income Before Taxes ($000's)	% Change From 1989	Earnings Per Share 1990	% Change From 1989	Debt To Equity Ratio
1	McDonald's Corp.	6,639,300	9.0%	1,246,300	7.7%	$2.20	12.8%	1.55
2	TW Holdings, Inc.	3,681,582	5.7%	(77,808)	N/M	-0.61	N/M	24.11
3	Wendy's International, Inc.	1,010,877	-5.5%	60,736	64.7%	0.41	28.1%	0.70
4	Shoney's Inc.	929,498	8.9%	46,956	44.8%	0.73	78.0%	N/M
5	Morrison Inc.	900,457	8.6%	35,438	-29.7%	1.33	-26.5%	0.79
6	Carl Karcher Enterprises, Inc.	521,805	2.1%	18,765	151.1%	0.72	140.0%	2.87
7	Sizzler International, Inc.	491,358	14.5%	42,027	-20.0%	0.02	N/M	0.55
8	Al Copeland Enterprises, Inc.	460,080	10.9%	(156,089)	N/M	N/A	N/M	N/M
9	Bob Evans Farms, Inc.	456,476	8.4%	44,046	-9.7%	0.87	-8.4%	0.19
10	TPI Enterprises, Inc.	397,194	13.5%	1,528	N/M	0.07	N/M	2.86
11	Vicorp Restaurants, Inc.	394,416	9.8%	14,132	54.8%	1.18	61.6%	1.30
12	Chili's Inc.	347,127	21.4%	27,412	32.2%	1.65	27.9%	0.49
13	Luby's Cafeterias, Inc.	311,325	9.9%	48,512	9.3%	1.17	8.3%	0.29
14	Piccadilly Cafeterias, Inc.	306,655	11.0%	18,890	11.3%	1.25	4.2%	0.90
15	GR Foods, Inc.	288,519	181.0%	(13,187)	N/M	(2.60)	N/M	2.60
16	National Pizza Co.	286,079	44.2%	23,271	2.8%	1.08	1.9%	1.36
17	Furr's/Bishop's Cafeterias, L.P.	284,383	-1.4%	4,333	-13.0%	0.46	53.3%	2.62
18	International Dairy Queen, Inc.	283,105	11.0%	43,823	12.9%	2.90	16.9%	0.94
19	Ryan's Family Steak Houses, Inc.	273,548	13.3%	38,296	11.9%	0.46	12.2%	0.35
20	Cracker Barrel Old Country Store, Inc.	225,518	33.0%	24,063	42.2%	1.07	25.9%	0.45
21	Sbarro, Inc.	191,237	28.5%	33,858	41.3%	1.52	40.7%	0.42
22	Showbiz Pizza Time, Inc.	181,558	8.4%	13,899	393.4%	1.45	480.0%	0.88
23	Perkins Family Restaurants, L.P.	172 381	4.1%	13,471	15.5%	1.31	14.9%	0.80
24	Chart House Enterprises, Inc.	154,014	10.4%	10,645	41.6%	0.80	56.9%	1.39
25	TCBY Enterprises, Inc.	151,307	0.0%	30,455	-32.6%	0.75	-31.8%	0.30
26	Frisch's Restaurants, Inc.	146,842	-0.2%	5,006	50.8%	0.58	5.5%	0.69
27	Buffets, Inc.	146,088	25.9%	13,091	42.1%	0.83	40.7%	0.61
28	JB's Restaurants, Inc.	114,838	5.0%	4,195	18.0%	0.54	14.9%	1.06
29	Rax Restaurants, Inc.	108,457	-3.2%	(19,483)	N/M	-2.77	N/M	N/M
30	Consolidated Products, Inc.	106,844	7.0%	8,255	15.0%	1.18	13.5%	1.48
31	Famous Restaurants, Inc.	100,477	8.1%	(19,217)	N/M	-3.19	N/M	N/M
32	IHOP Corp.	97,296	12.0%	5,512	30.1%	0.53	29.3%	5.27
33	Consul Restaurant Corp.	88,257	10.3%	247	280.0%	0.02	100.0%	1.44
34	Southwest Cafes, Inc.	85,271	4.8%	1,064	N/M	0.17	N/M	0.46
35	Pizza Inn, Inc.	77,607	-32.0%	(74,687)	N/M	-6.39	N/M	N/M
36	Pancho's Mexican Buffet, Inc.	71,304	8.1%	3,835	-17.2%	0.57	-9.5%	0.26
37	LDB Corp.	67,837	3.7%	(9,450)	N/M	-5.38	N/M	1.13
38	Rally's, Inc.	62,119	99.5%	6,420	165.0%	0.67	71.8%	0.42
39	WSMP Inc.	61,670	-0.3%	(3,515)	N/M	(1.07)	N/M	2.09
40	Au Bon Pain	57,049	18.3%	3,254	30.7%	0.3	30.4%	1.41
41	Uno Restaurant Corp.	54,691	34.6%	6,666	28.4%	0.48	20.0%	0.66
42	Del Taco Restaurants, Inc.	49,436	-3.7%	(990)	N/M	(0.08)	N/M	0.72
43	Family Restaurants of Florida, Inc.	48,115	5.1%	151	-91.1%	0.01	-90.0%	2.04
44	Morgan's Foods, Inc.	46,907	7.8%	375	-16.3%	0.04	0.0%	3.83
45	Sonic Corp.	44,758	36.3%	1,676	N/M	0.19	N/M	0.50
46	PoFolks, Inc.	44,754	N/M	977	N/M	0.13	62.5%	2.11
47	O'Charley's Inc.	43,176	50.6%	1,136	34.1%	0.26	-21.2%	0.26
48	Homestyle Buffet, Inc.	41,119	210.7%	1,794	-6.3%	0.21	-27.6%	0.21
49	Ark Restaurants Corp.	39,137	35.2%	1,570	226.2%	0.23	N/M	0.77
50	Benihana National Corp.	39,080	11.8%	1,282	-5.7%	0.2	-33.3%	1.51
	TOTAL	21,183,928	9.4%	1,532,576	-2.8%	0.90	3.5%	2.03

N/M=Not Meaningful

bars, grills, dinnerhouses, and ethnic specialty restaurants.)

In contrast, fast-food restaurants—81,328 of them included in the Top 100—dominate the group. Their combined $54 billion in sales amounts to more than 70% of Top 100 sales. Though as a group, fast food grew in real terms by merely 1% in sales and 4.3% in units, the category still has immense "critical mass," to borrow Technomic's words. For example, McDonald's modest 2% systemwide sales increase in 1990—actually, -2.6% in real terms—was still worth $240 million to the chain. Similarly, Burger King's gain of 3.4%—which really amounted to a -1.2% showing in real terms—brought in an additional $175 million in systemwide sales.

MORE THAN 70% OF TOP 100 SALES ARE FROM FAST-FOOD CHAINS, WHOSE COMBINED SALES ARE $54 BILLION.

"There will always be plenty of customers for [fast-food restaurants]," says Donovan Christopherson, sr. vice president of restaurant development for PepsiCo, whose 1990 restaurant sales totaled $9.4 billion, second only to McDonald's $12.2 billion. Baby boomers, he says, will stay true to their fast-food tastes as they age. But it's crucial for operators to offer good value and convenience for cash-strapped, time-pressed families

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Rank	Company	1990 U.S. Sales ($000's)	% Change	U.S. Units Number	% Change	Unit Rank
34	**Riese Organization**	400,000	6.7%	346	3.0%	52
35	**IHOP**	352,000	7.5%	460	1.8%	36
	Intl. House of Pancakes	352,000	7.5%	460	1.8%	
36	**Kyotaru America Corp.**	351,266	N/M	230	N/M	68
	Hungry Hunter/Mtn. Jacks	112,357	12.8%	58	7.4%	
	Acapulco	72,539	6.0%	49	19.5%	
	RA Theme Restaurants	54,150	0.8%	14	0.0%	
	Charlie Brown/The Office	52,120	0.2%	33	0.0%	
	Arby's	37,000	270.0%	55	103.7%	
	Love's Bar-B-Q	23,100 *	5.0%	21	-4.5%	
37	**Bob Evans Farms, Inc.**	350,617	12.0%	249	7.3%	61
	Bob Evans Restaurants	350,617	12.0%	249	7.3%	
38	**TCBY Enterprises, Inc.**	332,259	12.7%	1,774	15.4%	14
	TCBY Yogurt	332,259 *	12.7%	1,774	15.4%	
39	**Ryan's Family Steak Houses**	330,562	11.9%	159	12.8%	79
	Ryan's Family Steak Houses	330,562	11.9%	159	12.8%	
40	**Luby's Cafeterias, Inc.**	320,000	9.6%	141	11.0%	84
	Luby's Cafeterias	320,000	9.6%	141	11.0%	
41	**Whataburger, Inc.**	319,000	6.0%	452	3.9%	37
	Whataburger Restaurants	319,000	6.0%	452	3.9%	
42	**Round Table Pizza, Inc.**	312,000	5.8%	560	3.7%	31
	Round Table Pizza	312,000	5.8%	560	3.7%	
43	**Piccadilly Cafeterias, Inc.**	306,050	3.1%	149	4.2%	83
	Piccadilly Cafeterias	280,000	4.1%	142	3.6%	
	Ralph & Kacoo's	26,050	-7.0%	7	16.7%	
44	**Boddie-Noell Enterprises**	302,321	4.6%	292	3.5%	58
	Hardee's	302,321	4.6%	292	3.5%	
45	**Rax Restaurants, Inc.**	300,542	-7.6%	388	-21.3%	47
	Rax Restaurants	299,372	-7.8%	385	-21.4%	
	Zoomz	1,170 *	105.6%	3	0.0%	
46	**ShowBiz Pizza Time, Inc.**	296,585	5.9%	285	4.0%	59
	Showbiz/Chuck E. Cheese	281,534	7.2%	258	4.0%	
	Monterey Tex-Mex Cafe	15,051	-13.4%	27	3.8%	
47	**Waffle House, Inc.**	296,000	5.7%	705	2.9%	23
	Waffle House	296,000 *	5.7%	705 *	2.9%	
48	**Chick-fil-A, Inc.**	293,695	11.3%	441	7.3%	40
	Chick-fil-A	293,695	11.3%	441	7.3%	

raising children—something most fast feeders are naturally addressing.

DIMINISHING RETURNS. There may always be fast-food customers around, but that doesn't mean there will always be room for more fast-food restaurants. As restaurant companies experience diminishing returns in the fast-food segment they'll likely turn their attention to the midscale and upscale markets. By the end of the decade we could see the displacement of independents by chains in the casual segments to be well underway.

ONLY EIGHT COMPANIES GARNERED SALES INCREASES OF 20% OR GREATER; 15 EXPERIENCED DECLINES.

There are signs that major chains are in fact eying further control over the casual segment. Part of Brinker International's rationale for its three-concept portfolio (Chili's, Regas Grill, Romano's Macaroni Grill) is the lack of chain penetration, hence competition, in casual dining. Ranked at No. 30 in the Top 100, Brinker (then known as Chili's Inc.) garnered $476 million in sales, a 23% increase over 1989.

Moreover, the nation's two biggest restaurant companies, both specialists in fast food, have made noticeable albeit cautious forays into casual territory. The Pizza Hut Cafe, a traditional Pizza Hut unit recast as an Italian country restaurant with

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Rank	Company	1990 U.S. Sales ($000's)	% Change	U.S. Units Number	% Change	Unit Rank
49	**White Castle System, Inc.**	**291,277**	**4.6%**	**249**	**2.0%**	**62**
	White Castle	291,277	4.6%	249	2.0%	
50	**Gilbert/Robinson, Inc.**	**290,566**	**6.1%**	**123**	**10.8%**	**89**
	Houlihan's	178,589	4.6%	81	12.5%	
	Darryl's	77,546	12.5%	30	11.1%	
	Seafood Restaurants	21,216	-2.9%	6	0.0%	
	Charlie's Place	13,215	7.5%	6	0.0%	
51	**Furr's/Bishop's Cafeterias, L.P.**	**284,000**	**-1.4%**	**153**	**-1.3%**	**82**
	Furr's/Bishop's Cafeterias	284,000	-1.4%	153	-1.3%	
52	**GR Foods, Inc.**	**283,252**	**6.7%**	**199**	**2.6%**	**70**
	Ground Round	283,252	6.7%	199	2.6%	
53	**National Pizza Co.**	**275,750**	**10.1%**	**576**	**4.7%**	**30**
	Pizza Hut	190,000	17.3%	365	4.3%	
	Skippers	85,750	-3.0%	211	5.5%	
54	**Wilshire Restaurant Group, Inc.**	**265,000**	**6.0%**	**161**	**3.2%**	**77**
	Marie Callender Pie Shops	265,000	6.0%	161	3.2%	
55	**Cracker Barrel Old Country Store**	**257,971**	**35.6%**	**97**	**22.8%**	**93**
	Cracker Barrel	257,971	35.6%	97	22.8%	
56	**TPI Restaurants, Inc.**	**252,619**	**4.4%**	**242**	**-1.6%**	**63**
	Shoney's	198,667	5.4%	168	-2.3%	
	Captain D's	40,748	8.7%	64	1.6%	
	Hungry Fisherman	10,828	-7.7%	7	0.0%	
	Danver's	2,376	-42.5%	3	-25.0%	
57	**Sbarro, Inc.**	**250,000**	**27.2%**	**426**	**19.7%**	**41**
	Sbarro	250,000	27.2%	426	19.7%	
58	**RTM, Inc.**	**240,000**	**6.2%**	**376**	**7.4%**	**49**
	Arby's	170,000	17.2%	260	13.0%	
	Mrs. Winner's	70,000	-13.6%	116	-3.3%	
59	**Godfather's Pizza, Inc.**	**229,000**	**1.8%**	**512**	**1.6%**	**33**
	Godfather's Pizza	229,000	1.8%	512	1.6%	
60	**Applebee's International, Inc.**	**228,200**	**54.5%**	**160**	**41.6%**	**78**
	Applebee's Neighborhood Grill & Bar	228,200 *	54.5%	160	41.6%	
61	**AWR II**	**215,000**	**7.5%**	**340**	**-2.9%**	**53**
	Del Taco/Naugles	215,000 *	7.5%	340	-2.9%	

appetizers, pastas, and avant-garde pizzas, is "at minimum a laboratory for new products and services, at optimum a prototype," says Pizza Hut CEO Steve Reinemund. For its part, McDonald's Golden Arch Cafe drew predictably curious attention when it was unveiled, though the company denied it had expansion plans for the concept. In fact, McDonald's executives called Golden Arch a proving ground for the company's long-awaited dinner menu and a test of less-expensive construction.

With much of fast food experiencing an identity crisis—one need only look at a menu board to discover this—it seems fitting that some companies revamp their pricing and return to fast food's simpler roots. Top 100 chains did so in unprecedented fashion in 1990, a year in which one in five fast-food purchases involved a price-off deal.

PepsiCo's Taco Bell gets most of the credit for permanently rolling back prices on selected menu items. Its three-tier "value menu" of 59¢, 79¢, and 99¢ items had a lot to do with the chain's 20% sales increase last year, to $2.4 billion. McDonald's is atoning for past sins with the value menu religion as well; its "here today, here tomorrow" 59¢ hamburgers and breakfast biscuits is proof of that. (In the '80s, McDonald's and others repeatedly raised prices above the consumer price index.)

Moreover, a Super Value menu has helped Wendy's International (No. 5 in the Top 100 with $2.8 billion in sales) explode its image as a good but pricey hamburger chain, thus building traffic.

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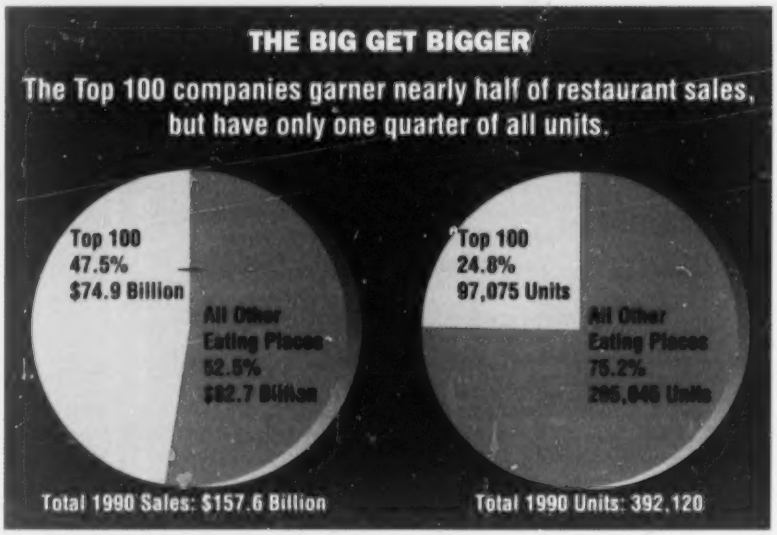
Rank	Company	1990 U.S. Sales ($000's)	% Change	U.S. Units Number	% Change	Unit Rank
62	**Frisch's Restaurants, Inc.**	213,170	3.3%	183	-2.1%	74
	Big Boy	205,870 *	5.4%	173	1.2%	
	Hardee's/Roy Rogers	4,000 *	-36.6%	8	-38.5%	
	Prime 'n Wine	3,300 *	-31.3%	2	-33.3%	
63	**Unigate PLC**	205,910	11.8%	198	2.6%	71
	Black-Eyed Pea/Dixie House	124,400	17.4%	79	6.8%	
	Taco Bueno	60,600	7.2%	110	0.0%	
	Casa Bonita	14,997	-2.6%	4	0.0%	
	Crystal	5,913	-3.2%	5	0.0%	
64	**Rally's, Inc.**	203,043	53.1%	297	54.7%	56
	Rally's	203,043	53.1%	297	54.7%	
65	**Krystal Company**	199,000	5.9%	235	2.2%	67
	Krystal Kwik	199,000	5.9%	235	2.2%	
66	**Roma Corp.**	198,000	9.4%	116	12.6%	91
	Tony Roma's	198,000	9.4%	116	12.6%	
67	**Wyatt Cafeterias, Inc.**	194,000	1.0%	126	4.1%	88
68	**Braum Ice Cream Co.**	184,600	7.3%	236	4.9%	65
	Braum Ice Cream Stores	184,600 *	7.3%	236	4.9%	
69	**Taubman Investment Co., Inc.**	175,415	11.1%	679	12.8%	25
	A & W Restaurants	175,415	11.1%	679	12.8%	
70	**Pizza Inn, Inc.**	170,000	-20.9%	420	-10.3%	42



Also deserving credit is No. 12-ranked, $1.4 billion Little Caesars, pioneer of the two-for-one pizza gimmick, now standard in the discount-crazy pizza segment, where discounts are involved in 46% of transactions.

With menu prices—and profits—declining, chain executives are working to simplify operations and build lower-overhead units. Deep discounters make money with low-priced menus by attracting large volumes of customers, all the while

MCDONALD'S, PEPSICO, AND GRAND MET ACCOUNT FOR NEARLY 20% OF RESTAURANT SALES NATIONALLY.

increasing the efficiency of their stores and reducing overhead. For its part, McDonald's is trimming some $200,000 from the cost of a new store by doing such things as using more glass and less brick, and it has installed clamshell grills that cook hamburgers faster.

One of the fastest-growing chains in the Top 100 group, Taco Bell gets a decent return on its 59¢ tacos because it is exiting the food "manufacturing" business and focusing on retailing food to customers. By using off-site preparation of taco ingredients and a smaller, simpler menu, it has shrunk its kitchen to 30% of store space from 70%. Taco Bell has other efficiency-

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Rank	Company	1990 U.S. Sales ($000's)	% Change	U.S. Units Number	% Change	Unit Rank
71	**Harman Management Corp.**	**168,050**	**0.6%**	**241**	**1.3%**	**64**
	Kentucky Fried Chicken	168,050 *	0.6%	241	1.3%	
72	**Investcorp**	**163,000**	**-6.9%**	**645**	**-4.3%**	**26**
	Carvel Ice Cream	163,000	-6.9%	645	-4.3%	
73	**Po Folks, Inc.**	**162,000**	**2.3%**	**135**	**2.3%**	**86**
	Po Folks	162,000	2.3%	135	2.3%	
74	**Carrols Corp.**	**162,000**	**6.6%**	**165**	**1.9%**	**75**
	Burger King	162,000 *	6.6%	165 *	1.9%	
75	**Specialty Restaurants Corp.**	**160,792**	**-7.0%**	**74**	**-2.6%**	**98**
	94th Squadron/Baby Doe's/Etc.	160,792	-7.0%	74	-2.6%	
76	**WSMP, Inc.**	**158,997**	**-10.8%**	**156**	**-12.8%**	**80**
	Western Steer	142,400	-11.4%	145	-12.1%	
	Prime Sirloin	15,967	1.2%	10	0.0%	
	WSMP Specialty Rest.	630	-64.6%	1	-75.0%	
77	**Brown Derby, Inc.**	**156,600**	**0.4%**	**54**	**1.9%**	**100**
	Brown Derby Restaurants	156,600 *	0.4%	54 *	1.9%	
78	**Chart House Enterprises**	**152,585**	**9.3%**	**100**	**16.3%**	**92**
	The Chart House	141,783	7.8%	65	8.3%	
	Paradise Bakery	10,802	33.6%	35	34.6%	
79	**Daka, Inc.**	**152,000**	**11.8%**	**116**	**13.7%**	**90**
	Fuddrucker's	152,000	11.8%	116	13.7%	
80	**RPM Pizza, Inc.**	**151,600**	**20.3%**	**370**	**39.6%**	**50**
	Domino's	151,600	20.3%	370	39.6%	
81	**MF Holdings, Inc.**	**150,700**	**3.9%**	**636**	**2.1%**	**27**
	Mrs. Fields	120,000 *	8.1%	530	2.5%	
	La Petite Boulangerie	30,700 *	-9.7%	106	0.0%	
82	**Skylark Co., Ltd.**	**146,000**	**17.7%**	**68**	**19.3%**	**99**
	Red Robin	146,000	17.7%	68	19.3%	
83	**Buffets, Inc.**	**145,236**	**25.9%**	**94**	**22.1%**	**94**
	Old Country Buffet	145,236	25.9%	94	22.1%	
84	**Mazzio's Corp.**	**143,000**	**3.6%**	**278**	**-0.7%**	**60**
	Mazzio's Restaurants	143,000 *	3.6%	278 *	-0.7%	
85	**LDB Corp.**	**142,600**	**3.3%**	**297**	**-1.7%**	**57**
	Mr. Gatti's	142,600 *	3.3%	297	-1.7%	
86	**Winchell's Donut Houses, L.P.**	**140,000**	**-2.1%**	**580**	**-8.4%**	**29**
	Winchell's Donut Houses	140,000 *	-2.1%	580 *	-8.4%	

minded tricks in test such as a robot taco maker that turns out 900 tacos per hour and touch-screen ordering, both of which cut down on labor while speeding up service. Streamlined units and other "points of distribution" will fuel company growth.

A number of the Top 100 companies have grown quickly in units with specialized limited-menu concepts that are relatively simple to operate, inexpensive to build, and compact enough for smaller sites. For example, Subway Sandwiches & Salads (owned by the No. 15-ranked Doctors Associates) led the pack last year in unit growth by adding 913 stores. Top 100 players with similarly narrow menus include Little Caesars (473 new units), TCBY (237), Domino's (172), and Dunkin' Donuts (115).

NINETEEN OF THE 25 LARGEST COMPANIES OPERATE MORE THAN ONE CONCEPT.

Downscaling the unit is another way Top 100 players are paring down costs and making value-priced concepts profitable. In fact, the drive-thru-only concept is creeping into the Top 100 at the highest levels, beginning with limited tests by McDonald's and Burger King. The biggest stir was caused by Taco Bell's purchase of Kalamazoo, MI-based Hot 'n Now, a drive-thru featuring 39¢ hamburgers.

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Rank	Company	1990 U.S. Sales ($000's)	% Change	U.S. Units Number	% Change	Unit Rank
87	**Papa Gino's, Inc.**	**138,600**	**0.9%**	**217**	**-0.5%**	**69**
	Papa Gino's	138,600	0.9%	217	-0.5%	
88	**Taco John's International**	**133,000**	**6.0%**	**445**	**0.0%**	**38**
	Taco John's	133,000	6.0%	445	0.0%	
89	**Astor Restaurant Group**	**131,375**	**8.3%**	**399**	**20.5%**	**44**
	Blimpie	130,000	8.3%	398	20.6%	
	Border Cafe	1,375*	5.8%	1	0.0%	
90	**Galardi Group**	**130,126**	**0.0%**	**339**	**0.3%**	**54**
	Wienerschnitzel/Hamburger Stand	130,126	0.0%	339	0.3%	
91	**Inno-Pacific Holdings**	**130,000**	**-0.8%**	**194**	**-7.6%**	**72**
	Shakey's Pizza Parlors	130,000	-0.8%	194	-7.6%	
92	**De Novo Corp.**	**128,200**	**-1.4%**	**396**	**-4.6%**	**46**
	Tastee Freez	120,200	-1.5%	349	-5.2%	
	B-K Root Beer	8,000*	0.0%	47	0.0%	
93	**Kettle Restaurants**	**127,700**	**3.2%**	**184**	**-2.1%**	**73**
	Kettle Restaurants	127,700	3.2%	184	-2.1%	
94	**Grace, W.R. & Co.**	**122,000**	**8.9%**	**164**	**1.9%**	**76**
	Taco Villa/Del Taco	87,000*	6.1%	147	-0.7%	
	The American Cafe	33,000*	15.0%	15	25.0%	
	The American Cafe Express	2,000*	53.8%	2	100.0%	
95	**BJ Acquisition Corp.**	**121,021**	**N/M**	**154**	**N/M**	**81**
	Bojangles Restaurants	121,021	2.4%	154	0.7%	
96	**LR Holdings, Inc.**	**120,800**	**10.5%**	**74**	**7.2%**	**97**
	Lyons Restaurants	120,800	10.5%	74	7.2%	
97	**Uno Restaurant Corp.**	**120,244**	**38.7%**	**86**	**36.5%**	**96**
	Pizzeria Uno Restaurant & Bar	120,244	38.7%	86	36.5%	
98	**Consolidated Products**	**119,443**	**8.1%**	**135**	**6.3%**	**85**
	Steak 'n Shake	99,942	9.0%	119	6.3%	
	Consolidated Specialty Rest.	19,501	3.7%	16	6.7%	
99	**JB's Restaurants, Inc.**	**117,876**	**6.9%**	**134**	**11.7%**	**87**
	JB's Restaurants	117,876	6.9%	134	11.7%	
100	**Southwest Cafes, Inc.**	**113,768**	**1.9%**	**91**	**-9.0%**	**95**
	El Chico	106,166	0.6%	86	-10.4%	
	Cantina Laredo	3,202*	69.8%	2	100.0%	
	Casa Rosa	1,600	4.4%	1	0.0%	
	Cuellar's Cafe	1,600	4.4%	1	0.0%	
	Lupita's	1,200	5.9%	1	0.0%	

The Best (and Worst) of Times

1990's biggest winners and losers ranked by percent change in nominal sales.

TOP 10 GAINERS

		1990 U.S. Sales ($000's)	% Change From 1989
1	Applebee's Int'l, Inc.	$228,200	54.5%
2	Rally's, Inc.	203,043	53.1%
3	Doctors Associates, Inc.	1,123,000	39.9%
4	Uno Restaurant Corp.	120,244	38.7%
5	Cracker Barrel Old Country Store	257,971	35.6%
6	Sbarro, Inc.	250,000	27.2%
7	Chili's, Inc.	476,061	26.3%
8	Buffets, Inc.	145,236	25.9%
9	Little Caesar Enterprises, Inc.	1,400,000	23.9%
10	RPM Pizza, Inc.	151,600	20.3%

TOP 10 LOSERS

		1990 U.S. Sales ($000's)	% Change From 1989
1	Pizza Inn, Inc.	$170,000	-20.9%
2	WSMP, Inc.	158,997	-10.8%
3	Rax Restaurants, Inc.	300,542	-7.6%
4	Marriott Corp.	660,580	-7.3%
5	Specialty Restaurants Corp.	160,792	-7.0%
6	Investcorp	163,000	-6.9%
7	Metromedia	1,097,000	-6.0%
8	Western Sizzlin, Inc.	445,000	-5.5%
9	Winchell's Donut Houses, L.P.	140,000	-2.1%
10	Furr's/Bishop's Cafeterias, L.P.	284,000	-1.4%

Observers wonder if this is PepsiCo's toehold in the burger segment or a learning exercise in the drive-thru format. Rally's Inc., ranked No. 64, a 297-unit drive-thru-only concept, showed a 53.1% sales gain, the Top 100's second best gain for the year. No. 65-ranked Krystal Company last year announced a franchising program to grow its 11 Krystal Kwik burger drive-thrus.

No matter how you slice it, PepsiCo comes out a big winner in this year's Top 100. On a dollar basis, the company added $1.1 billion in sales last year for a total of $9.4 billion, a 13.7% gain. Imasco, Ltd. is the runner up in dollar sales gain with a $460 million increase derived from buying Roy Rogers from Marriott Corp. The big winner in systemwide sales on a percentage basis is Applebee's International, which showed a 54.5% increase in 1990. Applebee's and Rally's are the percentage leaders in U.S. unit growth, with increases of 41.6% and 54.7% respectively. RPM Pizza Inc., a Domino's franchisee, is third in unit growth percentage, at 39.6%.

Only eight Top 100 companies garnered sales increases of 20% or greater in 1990 (excluding Kyotaru and BJ Acquisitions, neither of which was a player in 1989). In all, 15 companies experienced declines in systemwide sales. The biggest loser on a percentage basis was Pizza Inn. Ranked at No. 70, Pizza Inn's sales declined by 20.9%, to $170 million.

GONE PUBLIC. The Top 50 public restaurant companies listing (see page 121) adds a new wrinkle to this year's Top 100 report. You won't see the likes of PepsiCo or General Mills here, however, as the Top 50 includes only those companies where more than half of total revenues come from restaurants. (Total revenues—not just those from restaurants—are listed in the chart, however.)

Combined, revenues for the Top 50 public companies grew 9.4% nominally last year, to $21.2 billion. Earnings, however, didn't fare quite so well. In 1990, the Top 50 as a group totaled $1.5 billion in before-tax income, down 2.8% from 1989. Earnings per share for the group averaged out at 90¢, up 3.5% from the year earlier. Much like the Top 100, last year was a mixed bag for the publicly traded restaurant group as well. **RB**

CASUAL THEME

MARKET SEGMENT REPORT

Customer traffic counts were up 5% in 1990.

By Jacque Kochak

Born in the swinging '70s with eclectic wild decor and a heavy bar scene, the casual-theme segment has grown up with its targeted customer base and matured nearly beyond definition. But the segment continues to be as vital and innovative as it was two decades ago. Some of the pioneering chains still survive and even thrive, and new concepts are entering the competition.

"The fact that some prominent chains such as Applebee's weren't even around five years ago shows there's definitely a demand," says Ron Paul of Technomic, a Chicago-based consulting firm.

At a time when expansion for many chains has slowed or stopped, some companies in this segment are growing rapidly. Besides opening new units, they are showing healthy increases in per-store averages.

Fifteen years ago, the segment was well-defined. Restaurant chains such as Bennigan's, TGI Friday's, and Houlihan's offered broad, reasonably priced but trendy menus and plenty of booze. Today, the segment is not so well-defined. The borders have blurred as baby boomers have matured and produced families, and as the broad category of "casual dining"—a cut above fast food, but not as pricey as fine dining—has emerged as the place to be today.

O'Charley's broad menu includes 11 burgers, prime rib, salads, sandwiches, pasta, and Cajun catfish. Average dinner check is $11.

TRAFFIC UP. In fact, CREST statistics generated by NPD Research, a Park Ridge, IL-based consulting firm, show that customer traffic at casual-dining restaurants was up 5% in 1990, compared to an increase of only 2.4% in customer traffic at fast-food units. Customer traffic was down 6% at fine-dining restaurants.

"Everybody wants to be in the casual-dining segment today," says Ken Hill, president of Kansas City, MO-based Applebee's. "Nobody wants to be a dinnerhouse anymore."

There's a lot of cross-

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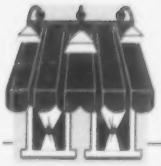

CASUAL THEME

MARKET SEGMENT REPORT

fertilization from other midprice segments going on, which contributes to the difficulty in defining a "casual-theme restaurant." During interviews with executives, they were likely to talk about General Mills' Italian-themed Olive Garden restaurants or Boston-based Bertucci's, which serves pizza from wood-burning ovens, as their competition in the segment.

"We're seeing real success with ethnic themes," notes Technomic's Paul. "That may signal a need for more identity among casual-theme restaurants."

One thing is clear; the old emphasis on liquor sales is pretty much a thing of the past. Today, a large bar in the center of a unit may even be a liability.

Those baby boomers in the big bubble moving through the population now are married and have children," says Ron McDougall, president and COO of segment leader Chili's, part of Dallas-based Brinker International. "Those big bars in the middle of the room can be a problem if you're dining with kids."

A FAMILY AFFAIR. In fact, those families with children have become a real factor to consider in many ways for casual-theme dining restaurants.

More babies were born last year than in any year since 1964, says Judy Kelly, vice president of marketing for Braintree, MA-based Ground Round Inc. "It doesn't take a brain surgeon to figure out that marketing to families is important," she adds.

People in the 25- to 49-year-old age group spend 44% of their food budget away from home, according to the Bureau of Labor Statistics, says Kelly. "Of those in that age group who have kids, three out of four times they bring the kids along. That's very important."

Therefore, the emphasis at casual-theme restaurants now is clearly on good food, served at a reasonable price. That price/value perception is everything today.

Like Chili's and Applebee's, Mobile, AL-based Ruby Tuesday emphasizes value. "People look for quality, but they limit what they will spend," says Ron McConnell, the company's regional marketing director. "The economy is still very sluggish, and people are not eating out as much. When they do eat out, they want a good value."

Ground Round targets kids and families as customers.

The segment has blurred almost beyond definition.

EPITOME. The Chili's concept really epitomizes casual-theme dining today, with its broad menu, average check of $7.80, and comfortable decor. The restaurants evoke the Southwest, but are not heavily themed.

Brinker International, with 246 Chili's, four Romano's Macaroni Grills, and 14 Regas Grills, has posted its eighth consecutive year of sales gains. Systemwide sales for 1990 reached $530 million. Average unit volume for Chili's has risen from $1.6 million to more than $2.1 million since 1983.

Chili's executives want to double the size of the chain by 1995, and reach $1 billion in sales. Because they anticipate a ceiling of 400 to 450 Chili's units, added emphasis is being placed on its two new concepts.

Both are more upscale than Chili's, and they exemplify the problems inherent in trying to define casual-theme restaurants. Romano's Macaroni Grill is Italian-themed, with pizza from a wood-burning oven, roast chicken from a rotisserie, and Italian specialties prepared at an exhibition grill.

Regas Grill, on the other hand, is casual dining with an aura of elegance. Still, the prices on the menu aren't upscale; grilled Norwegian salmon is $13.95, and the average check is $10.50.

Chili's Grill & Bar is more typical of the classic casual-theme restaurant today. The main appeal is menu variety. "You can bottom-fish the menu for something lower-priced, or go higher," says McDougall.

"We've had the same customer for years, but he is changing," McDougall notes. "For one thing, he has a family now. That age wave moving out is dictating a lot of other trends."

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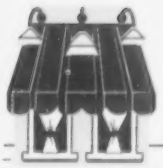

CASUAL THEME

MARKET SEGMENT REPORT

Applebee's, with 183 units nation wide and systemwide sales of $235 million, appeals to the same customer as Chili's with the same kind of casual atmosphere and reasonably priced menu.

Like Chili's, Applebee's continues to expand rapidly, with nearly 40 units opened this year. Forty to 60 units will open yearly, depending on the availability of franchise capital, says Hill, who came to Applebee's last year from Kansas City, MO-based Creative Restaurant Management (CRM), another group of casual-theme restaurants.

CRM originally was part of Kansas City's Gilbert/Robinson Inc. (G/R), which operates Houlihan's. In the past Hill also was G/R's president. After leaving G/R and before joining CRM, Hill served as president of Kansas City-based T.J. Cinnamons, a bakery chain. Hill says that part of the reason why Applebee's has been able to expand so rapidly while some of the other chains have slowed expansion is that the cost of opening a Friday's or a Houlihan's has risen substantially over the years. "We're a little smaller, and fit just a little different niche," Hill says.

Applebee's began as a franchisee of the now-defunct Creative Food 'N Fun division of W.R. Grace & Co. The franchisee acquired the chain from Grace in 1988; since then, unit volumes have risen from an average of $1.3 million to $1.7 million in recent months, says Hill.

Similar to Chili's and Applebee's, and also growing very rapidly, is Morrison Inc.'s casual-dining concept, Ruby Tuesday. Morrison's, which operates cafeterias, bought 16 Ruby Tuesday units in 1982 from founder Sandy Beall, who opened the first unit in 1972.

Chili's Grill & Bar is typical of the casual-theme restaurant today.

The chain now operates 140 units, all of them company-owned, with sales of close to $250 million. Average unit volume is $1.8 million, says McConnell.

Restaurants are located along the Atlantic coast from Florida to New York State and Connecticut. At least 25 new stores will open in the next year, most in new territories.

Morrison's is aggressively expanding its Ruby Tuesday subsidiary for several reasons. "We feel we get a very good return on investment," says McConnell. "The overall cost to build is very advantageous. The concept performs very well."

Ruby Tuesday is adaptable enough to go into small cities such as Valdosta, GA, and Panama City, FL, as well as large metro areas. The restaurants feature tile floors, glass accents and Tiffany lamps. Preferred sites are shopping malls.

The menu is broad, including fajitas, strip steaks, and barbecued ribs. A large salad bar is available. Average check is about $8.

That search for value by the customer gives direction to Ruby Tuesday's advertising, says McConnell. "We can't afford to invest too heavily in brand-awareness advertising," he says. "We have to give the customer a good reason to come here, and that is usually tied to price."

The casual-theme classics—TGI Friday's, Houlihan's, and Bennigan's—continue to thrive and attract a mass market, but some observers say that they don't have the kind of expansion appeal they once had, partly because their names and images are associated with heavy liquor sales.

Executives at Dallas-based TGI Friday's might dispute that analysis, however. According to president and chief executive officer Dick Rivera, the company began an aggressive expansion plan in 1988. In 1987, the company opened two Friday's. However, in 1991, 23 stores were slated to open, including five in foreign countries.

Friday's plans to have 100 foreign locations by 1997. Ten units are already open in England, where the Covent Garden restaurant is the highest-grossing restaurant in all of England, and the highest-volume Friday's.

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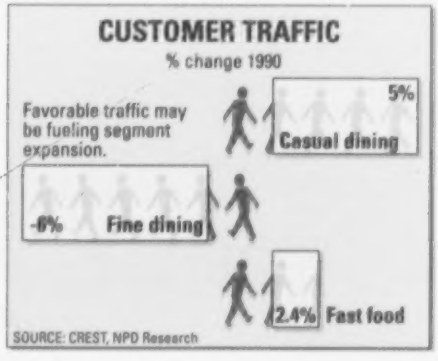


CHARTS BY SHARI KANG

CASUAL THEME

MARKET SEGMENT REPORT

Friday's success with the United Kingdom franchisee caused executives to be open to suggestion when they were approached by a Taiwanese businessman, who entered into a joint venture with Friday's to open 18 restaurants in Taiwan, Hong Kong, and China. Business arrangements are also in place to expand in Mexico, Korea, and Spain, and the company hopes to eventually expand in Europe, Southeast Asia, and Japan.

Friday's is also continuing U.S. expansion. The company now has more than 170 restaurants in 36 states. Rivera notes that Friday's customer has changed over the years, and for that reason Friday's has changed its expansion strategy. "People used to drive 20 minutes to get to a Friday's, then wait in line for 20 minutes or more to get a table," he says. "Today, most people don't have the time or the inclination to do either. So we are making Friday's more convenient. We are committed, for instance, to opening five additional restaurants in the Dallas/Fort Worth area over the next three years."

The average TGI Friday's unit achieves annual sales of $3.5 million, with the concept's appeal based on a broad, moderately priced menu that appeals to families and singles alike.

The company has just introduced a new menu design that features turn-of-the-century characters in hand-tinted illustrations rather than photography as in past menus. New on the menu is the "Friday's Lite" section, a selection of low-fat, low-calorie items including a fresh vegetable baguette, Pacific Coast chicken, and an all-vegetable version of the Cobb salad. Also featured is the "Gardenburger," a chargrilled patty of assorted whole grains, nuts, and mushrooms. Nutritional information about Friday's Lite items is furnished upon request.

Executives at Bennigan's, owned by Dallas-based S&A Restaurant Corp., are reluctant to talk to the press. Competitors, however, say that Bennigan's restaurants appear to be doing well.

Bennigan's 1990 system sales are estimated at $535 million, with 225 units garnering average unit volumes of $2.4 million.

Gilbert/ Robinson, which operates 105 Houlihan's and Darryl's across the country, slowed expansion after being in technical default on the balance of a $107 million loan earlier this year. The company is no longer in default, says president Fred Hipp.

Hipp earlier blamed the company's cash-flow problems on a "recessionary downturn." At that time, comparable unit sales were down 0.6% from the previous year, or basically flat. He said he expects real gains in fourth-quarter results this year. "I think we've done a pretty good job of maintaining market share," Hipp notes.

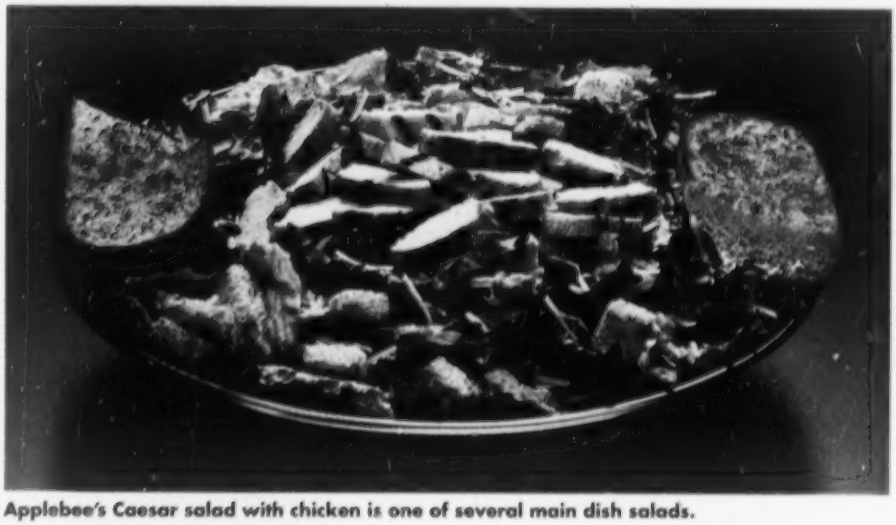
Expansion is still on hold as G/R puts substantial capital into refurbishing existing restaurants. Many units have gotten all new interiors, with changes being primarily cosmetic. In addition, 32 restaurants, mainly Houlihan's, have undergone major remodeling as walls have been removed and bar seating has been converted into restaurant seating. As bars are minimized, units gain 25%-30% in dining-room seating.

Some segment pioneers survive and even thrive.

In addition, Houlihan's has a new menu. Two new healthy items are prepared without oils or fats. One is a chicken and pasta dish with fresh vegetables, and the other is sesame tuna with pesto linguine. New to the dessert line is a frozen yogurt pie in a chocolate crumb crust.

G/R's 31 Darryl's units were to get a new menu in mid-October, with some 10 new entrees that are lower in fat.

CHANGING CUSTOMER. To cope with the changing customer, almost all casual-theme dining restaurants today offer children's menus, and many also offer crayons or balloons to keep the kids entertained. Ground Round has gone even further to market to families.



Applebee's Caesar salad with chicken is one of several main dish salads.

At a Ground Round, children are entertained by continuously running cartoons in the dining room. When a family is seated, popcorn is brought to the table immediately because, says Kelly, "Kids are taught that when they get to the table, they eat. The hardest thing for them to do is wait.

"We held 12 focus groups in six cities, and found out that parents have a very well-defined idea of a restaurant that appeals to a family," says vice president of marketing Kelly. "They know whether a restaurant tolerates children or caters to them. They say they know whether a restaurant is accommodating by whether the server speaks to the children, so training is important."

All Ground Round units have two rooms—a dining area and lounge. That way, singles or couples can dine away from families. "We call this no-compromise dining," says Kelly. "Kids can relax, and it's not at the expense of the parents. And grown-ups can have fun, and it's not at the expense of the kids."

Ground Round operates 201 restaurants in 22 states. A total of 154 are company-owned, while two are managed and 45 are franchised. Average unit volume for company-owned units is $1.4 million and $1.7 million for franchised units.

Ground Round recently went public, and according to president Michael O'Donnell the company is now positioned for aggressive growth nationally.

"Becoming a publicly held, publicly traded company marks the first time since the company's inception that we are a stand-alone entity," says O'Donnell. "The profit that we generate can now be reinvested in the business, seeding our future growth so that we may more fully reach our potential."

FAST-GROWING. Several fast-growing young chains are firmly rooted in casual-theme dining traditions. Among them is Columbus, OH-based Cooker Restaurant Corp., with 12 restaurants located in the Midwest

Founded in Nashville, Cooker

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Real Cheese Can Make Your Menu Over...

For information circle number 15

Restaurant Corp. was bought in 1984 by Arthur Seelbinder, who as CEO, moved headquarters to Columbus. The company went public in 1986; expansion plans call for growing 25% over the number of base units each year.

The Cooker Bar & Grill has a downhome atmosphere with a menu that includes meat loaf, pot roast, and smokehouse ribs as well as prime rib. A specialty is lime chicken, marinated in a fresh lime, garlic, white wine, and honey marinade, then grilled. Twelve vegetables are offered, and turnip greens and okra are available in some markets.

At the Cooker Bar & Grill, everything is made from scratch, from soups and sauces to salad dressings.

Prices range from $6.50 to $12.95, with an average check of $8.75. Annual unit volumes average $3.2 million.

Units are mostly freestanding, with about 230 seats in 7,500-sq.-ft. Cooker Bar & Grill avoids the paraphernalia that used to distinguish casual-theme restaurants. The atmosphere is not as downhome as the food, however.

The customers have matured; so have the chains.

Another publicly held company attracting attention in the casual-theme dining segment is Tampa, FL-based Outback Steakhouse Inc., with 38 restaurants in Florida, Texas, North Carolina, Kentucky, Indiana, and Washington, DC. Four units are franchised, and 15 are operated as joint ventures.

Expansion plans call for opening 25 to 30 units next year, says president Chris Sullivan. The company made its first public stock offering this summer to help finance expansion.

Outback Steakhouse was formed by several veterans of other casual-theme chains. In 1983 Chris Sullivan,

And Over...

Chicken Dijon with Tarragon Sauce

If your customers are bored with an ordinary chicken breast, dress it up with the great taste of cheese. We gave our chicken breast a fresh new look and taste by topping it with thinly sliced ham, American and Parmesan cheeses, fresh spices, Dijon-mustard, and a light tarragon sauce. Bring more value to an ordinary chicken breast with the great taste of cheese.

For information circle number 15

And Over...

Spinach Artichoke Dip

To give your chips and vegetables something unexpected to dip into, forget the standard dill or onion dip and serve this Spinach Artichoke Dip instead. We've blended artichokes, Cheddar, Mozzarella and Parmesan cheeses with chopped spinach in a sour cream base, and surrounded this delicious dip with pita chips and vegetables. Boost your check averages with this easy-to-sell appetizer!

Ruby Tuesday's mall locations attract shoppers.

Bob Basham, and Trudy Cooper formed Sunstate Restaurant Corp., a Chili's franchisee and joint venture partner in Florida and Georgia. The company was merged with Chili's Inc. in 1987. Sullivan has also served as executive vice president of Bennigan's, and Basham was Bennigan's vice president of operations. Cooper was training coordinator for Bennigan's. A fourth partner, Tim Gannon, developed Copeland's restaurants for Al Copeland Enterprises.

Outback Steakhouse is another example of the blurring of the casual-theme segment. While nominally a steakhouse, Outback clearly draws on casual-theme traditions and formulas for success. In this case, the theme is Australia, The Land Down Under. The menu is divided into "Aussie-Tizers," "Entrees—Land Rovers," and "Down Under Favorites." Appetizer and entree descriptions are colorful. For example, Jackeroo Chops are center-cut pork chops served with cinnamon apples and potatoes.

Out of 14 entrees offered are a 12-oz.

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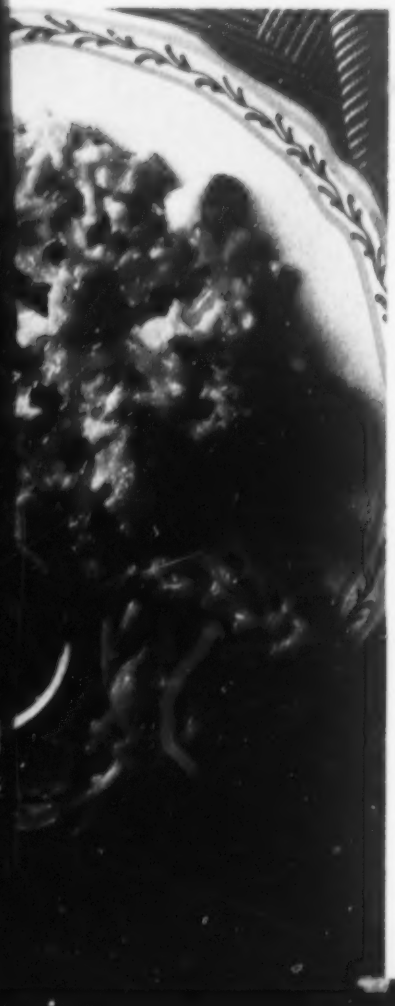


And Over...

Cheesy Eggs 'N Toast

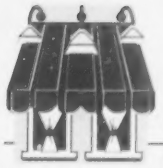
For a better profit opportunity, try our Cheesy Eggs 'N Toast instead of ordinary scrambled eggs and toast. Just add shredded Cheddar, American and Mozzarella cheeses, diced ham, and green chiles to scrambled eggs. Melt cheese over toast points and serve salsa on the side. Our Cheesy Eggs 'N Toast will satisfy your patrons who have a craving for spicy, Tex-Mex fare.

For information circle number 15

And Over...

Kids Nachos

When you offer the little ones something to munch on before dinner, you create a whole new profit opportunity. Introducing an appetizer specifically designed for kids: Kids Nachos. We took crunchy tortilla chips and topped them with a special sauce, ground beef and a creamy American cheese sauce. Increase customer satisfaction by keeping the little ones occupied before their meals are served!



CASUAL THEME

MARKET SEGMENT REPORT

sirloin, a 16-oz. prime rib, a 9-oz. prime tenderloin, a 14-oz. New York strip, a 20-oz. porterhouse, and a 12-oz. ribeye.

As a result, the company's average check is somewhat higher than at other casual-theme restaurants, about $10 per person. The restaurants are also open only for dinner. Nonetheless, unit volumes reach $2.8 million.

That's a very attractive return on investment, considering that the cost to open an Outback Steakhouse can be as low as $600,000. Decor reflects the Australian theme, with a cardboard Crocodile Dundee greeting customers at the bar. The interior and exterior are bare wood and no-frills.

Also growing rapidly is Nashville-based O'Charley's, with 34 units in Kentucky, Alabama, Mississippi, South Carolina, North Carolina, and Georgia. Two more units will open by the end of 1991, and plans call for five more units in 1992. For the foreseeable future, O'Charley's will grow at a rate of five to seven units a year, all in the Southeast.

O'Charley's also places heavy emphasis on fresh foods and made-from-scratch recipes. The restaurant chain owns and operates its own butcher shop and bakery.

The menu features a broad range of entrees, from 11 burgers and sandwiches to prime rib, Cajun catfish, broiled bacon cheddar chicken, and Cajun chicken pasta. The highest price on the menu is $12.99. Average check at lunch is $7, and at dinner $11, says Pam Davis, O'Charley's marketing director.

O'Charley's started in Nashville in the 1970s, and was bought by former Shoney's president Dave Wachtel in the mid-1980s.

Though the company keeps a very low profile, Atlanta-based Houston's Restaurants Inc. has for several years won the admiration of competitors. The public likes Houston's, too; Houston's probably has the highest per-store averages of any national company at $5 million.

Houston's operates 22 restaurants in Georgia, Texas, Florida, Illinois,

And Over...

Pigs In The Blanket

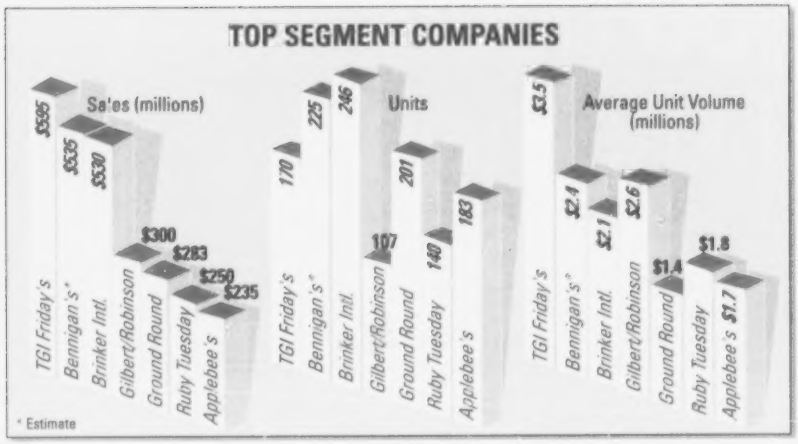
Rather than serving ordinary pancakes and sausage for breakfast, try this breakfast treat instead. To dress up this traditional breakfast fare, we took pancakes and topped them with juicy sausage and American cheese. Then we rolled them up and added a special cheese sauce. Make the morning meal a more profitable daypart and offer your customers Pigs in the Blanket.

For information circle number 15

And Over...

Steak Mozzarella

Beef up an ordinary steak the Italian way: with a touch of cheese. Our Steak Mozzarella has an elegant look and offers you the opportunity to charge more than you could with a plain steak. We seasoned our steak with fresh garlic and broiled to order. Then we topped it with a mixture of basil, tomato and shredded Mozzarella cheese and broiled it until the cheese was bubbly. So, beef up your profits with the added value of cheese.



Missouri, California, Tennessee, Louisiana, Arizona, and the District of Columbia. The company plans to open two or three restaurants annually.

Casual-theme dining restaurants seem to be ideally positioned for the future. The key to success is remembering the changing demographics of the baby boom customer, marketing to families, and offering excellent quality at a reasonable price.

"The quick-service segment is moribund, and it doesn't cost a lot more to come to us," says Bill Esch, financial officer of Cooker. "Fine dining is more sensitive to the recession. We're in the right segment, and we're just trying to really deliver." RB

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A Real Cheese Menu Makeover keeps your menu up to date with, and helps you profit from, ongoing ethnic trends. Any way you look at it, a Real Cheese Menu Makeover will help you make more money.

Send for your kit, today!

Our Real Cheese Menu Makeover kit includes recipe cards of the delicious dishes you've just seen, plus additional great tasting real cheese recipes. You'll also receive value-added menu ideas and loads of side dish suggestions to complement your updated menu items.

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PRO'S PANTRY

1992 Price Forecast

By CHARLES THIENPONT

After a rapid increase during the first and second quarters, the 1991 food commodity index has declined steadily since June due to weaknesses in pork, beef, poultry, milk, and fresh vegetable markets. Prices farmers were paid in 1991 from January through September are down 1.8% from last year while prices at the wholesale level are up a modest 3.7%. Fourth quarter prices will not make any significant changes to the yearly inflation picture as beef, poultry, and frozen vegetable markets remain soft.

In general, manufactured food prices are expected to increase between 4% and 5% through 1992. Major factors affecting increases will again be processing and transportation costs. Prices paid to farmers and producers are expected to increase between 1% and 3%.

MEAT. Large inventories of cattle and hogs will likely keep prices at or below 1991 levels throughout the first half of the year. Yearly price patterns should remain normal with prices increasing during the first quarter, moving lower in the second and third quarters and rising again in the fourth quarter. Poultry prices are expected to be firm as supply and demand try to balance.

SEAFOOD. Despite some price weakness during the third quarter of 1991, seafood prices are expected to remain firm throughout 1992 as supplies will remain tight.

FRESH FRUITS AND VEGETABLES. Most tree fruit growers are experiencing a poor production year which will mean higher prices next year as supplies dwindle. Soft fruits such as strawberries and blueberries are plentiful and price will remain near current levels.

Fresh vegetable acreage will be comparable to this year but, as usual, prices will be dictated by the weather.

PROCESSED FRUITS AND VEGETABLES. As with the fresh, market fruit prices are expected to increase sharply due to tight freezer stocks. Unlike the fruit market, the vegetable market is in very good shape with large inventories of most items.

SHORTENINGS AND OILS. Prices should remain mostly steady with large crops of soybeans and cottonseeds. Only peanut oil prices look like they may move substantially higher as supplies tighten.

MILK AND MILK PRODUCTS. Milk production for 1991 is estimated to be up 2% from last year's 148 billion lb. while prices farmers were paid dropped a whopping 14%, according to USDA figures. Forecasts for 1992 look for production to continue to rise slightly while prices remain soft.

Total cheese production is expected to come in below last year's 6 billion lb. Prices for next year are expected to remain on the firm side with increases between 2% and 4%.

Butter production continues to increase at a steady rate with the 1991 production forecast to be up 1% from last year's 1.3 billion lb. Butter prices are expected to increase from 1% to 2% in 1992.

EGGS. Production for 1991 is expected to be close to last year's 67.8 billion eggs with comparable prices. The outlook for 1992 is for continued modest production gains and from 1% to 3% price inflation. **RB**

1992 PRICE FORECAST BY CATEGORY

	1991 Est.	1992 Est.
MEAT, POULTRY, FISH	2-4%	2-4%
BEEF	3-5	2-4
PORK	4-6	2-4
POULTRY	0-2	1-3
FISH AND SEAFOOD	6-8	4-6
EGGS	0-2	1-3
DAIRY PRODUCTS	-2-0	1-2
SHORTENINGS AND OILS	4-6	2-4
FRUITS AND VEGETABLES	3-5	3-5
FRESH FRUIT	3-6	5-7
FRESH VEGETABLES	2-4	1-3
PROCESSED FRUITS	3-5	4-6
PROCESSED VEGETABLES	5-7	2-4
BAKERY PRODUCTS	4-6	3-5
SUGAR AND SWEETS	4-5	2-4
ALL FOOD	4-6	3-5

Charles Thienpont is foodservice director for Hartwick College, Oneonta, NY.